

HARMONY GOLD MINING CO LTD

Form 6-K

February 09, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO

RULE 13a-16 OR 15d-16 UNDER THE SECURITIES

EXCHANGE ACT OF 1934

For 9 February 2015

**Harmony Gold Mining Company**

**Limited**

Randfontein Office Park

Corner Main Reef Road and Ward Avenue

Randfontein, 1759

South Africa

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F ☒ X

Form 40-F ☐

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes ☐

No ☒ X

**RESULTS  
FOR THE SECOND  
QUARTER AND  
SIX MONTHS ENDED**

31 DECEMBER 2014

Q2 FY15

**Harmony Gold Mining Company Limited**

("Harmony" or "Company")

Incorporated in the Republic of South Africa

Registration number 1950/038232/06

JSE share code: HAR

NYSE share code: HMY

ISIN: ZAE000015228

**KEY FEATURES**

*Quarter on quarter*

South African operations record a fatal-free quarter

Restructuring for safe, profitable ounces continues

Gold production decreased by 10% quarter on quarter due to stoppages at Kusasalethu and Hidden Valley

Majority of operations perform in line with plans, with grade remaining consistent

Production profit of R618 million

Headline loss of R496 million, due to lower production and restructuring

**FORWARD-LOOKING STATEMENTS**

This quarterly report contains forward-looking statements within the meaning of the United States Private Securities

Litigation Reform Act of 1995 with respect to Harmony's financial

condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets

for stock and other matters. Statements in this quarter that are not historical facts are "forward-looking statements" for the purpose of the safe harbour provided by Section 21E of the

U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended.

Forward-looking statements are statements that are not historical

facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future

operations, products and services, and statements regarding future performance. Forward-looking statements are

generally identified by the words "expect", "anticipates", "believes",

"intends", "estimates" and similar expressions. These statements are only predictions. All forward-looking statements involve a number of risks, uncertainties and other factors and

we cannot assure you that such statements will prove to be correct. Risks, uncertainties and other factors could cause actual events or results to differ from those expressed or implied

by the forward-looking statements. These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Harmony,

wherever they may occur in this quarterly report and the exhibits to this quarterly report, are necessarily estimates reflecting the best judgement of the senior management of Harmony

and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these

forward-looking statements should be considered in light of various important factors, including those set forth in this quarterly report. Important factors that could cause actual results to

differ materially from estimates or projections contained in the forward-looking statements include, without limitation: overall economic and business conditions in the countries in which

we operate; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions; increases or decreases in the market price of gold; the

occurrence of hazards associated with underground and surface gold mining; the occurrence of labour disruptions;

availability, terms and deployment of capital; changes in government regulations, particularly mining rights and environmental regulations; fluctuations in exchange rates; currency devaluations and other macro-economic monetary policies; and socio-economic instability in the countries in which we operate.

Harmony's Integrated Annual Report and the Form 20-F filed with the United States' Securities and Exchange Commission for the financial year ended 30 June 2014 are available on our website at

**<http://www.harmony.co.za/investors/reporting/annual-reports>.**

RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2014

**Quarter**

**Dec-14**

Quarter

Sep-14

Q-on-Q

variance

%

**Six months**

**Ended**

**Dec-14**

Six months

Ended

Dec-13

Variance

%

Gold produced

– kg

**8 459**

9 435

(10)

**17 894**

19 150

(7)

– oz

**271 963**

303 341

(10)

**575 304**

615 686

(7)

Cash operating costs

– R/kg

**357 111**

355 693

–

**356 364**

316 517

(13)

– US\$/oz

**990**

1 028

4

**1 008**

981  
 (3)  
 Gold sold  
 – kg  
**8 580**  
 9 987  
 (14)  
**18 567**  
 19 151  
 (3)  
 – oz  
**275 851**  
 321 089  
 (14)  
**596 940**  
 615 717  
 (3)  
 Underground grade  
 – g/t  
**4.78**  
 4.84  
 (1)  
**4.81**  
 4.69  
 3  
 Total costs and capital  
 – R/kg  
**437 708**  
 418 910  
 (4)  
**427 797**  
 382 407  
 (12)  
 – US\$/oz  
**1 213**  
 1 210  
 –  
**1 210**  
 1 185  
 (2)  
 All-in sustaining costs  
 – R/kg  
**455 202**  
 431 063  
 (6)  
**442 218**  
 401 021  
 (10)  
 – US\$/oz  
**1 262**  
 1 245

(1)  
**1 251**  
 1 242  
 (1)  
 Gold price received  
 – R/kg  
**432 963**  
 443 690  
 (2)  
**438 733**  
 422 386  
 4  
 – US\$/oz  
**1 200**  
 1 282  
 (6)  
**1 241**  
 1 309  
 (5)  
 Production profit  
 – R million  
**618**  
 913  
 (32)  
**1 532**  
 2 022  
 (24)  
 – US\$ million  
**55**  
 85  
 (35)  
**138**  
 201  
 (31)  
 Basic loss per share  
 – SAc/s  
**(197)**  
 (61)  
 >(100)  
**(258)**  
 (18)  
 >(100)  
 – USc/s  
**(18)**  
 (6)  
 >(100)  
**(23)**  
 (2)  
 >(100)  
 Headline loss  
 – Rm

**(496)**

(266)

(86)

**(763)**

(71)

>(100)

– US\$m

**(44)**

(25)

(76)

**(69)**

(7)

>(100)

Headline loss per share

– SAc/s

**(114)**

(61)

(87)

**(175)**

(16)

>(100)

– USc/s

**(10)**

(6)

(67)

**(16)**

(2)

>(100)

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## CONTACT DETAILS

### Corporate Office

Randfontein Office Park  
PO Box 2, Randfontein, 1760, South Africa  
Corner Main Reef Road/Ward Avenue  
Randfontein, 1759, South Africa  
*Telephone:* +27 11 411 2000  
*Website:* **www.harmony.co.za**

### Directors

P T Motsepe\* *Chairman*  
M Motloba\*^ *Deputy Chairman*  
G P Briggs *Chief Executive Officer*  
F Abbott *Financial Director*  
H E Mashego *Executive Director*  
F F T De Buck\*^ *Lead independent director*  
J A Chissano\* 1^, K V Dicks\*^, Dr D S S Lushaba\*^,  
C Markus\*^, M Msimang\*^, K T Nondumo\*^,  
V P Pillay \*^, J L Wetton\*^, A J Wilkens\*

\* Non-executive

^ Independent

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Mozambican

### Investor relations team

Email: HarmonyIR@harmony.co.za  
Marian van der Walt  
Executive: Corporate and Investor Relations  
Tel: +27 (0)11 411 2037  
Mobile: +27 (0)82 888 1242  
Email: marian@harmony.co.za  
Bobo Ndinisa  
Investor Relations  
Tel: +27 (0)11 411 2137 / 057 904 4023  
Mobile: +27 (0)79 783 2051  
Email: bobo@harmony.co.za

### Company Secretary

Riana Bisschoff  
*Telephone:* +27 (0)11 411 6020  
*Mobile:* +27 (0)83 629 4706  
*E-mail:* riana.bisschoff@harmony.co.za

### South African Share Transfer Secretaries

Link Market Services South Africa (Proprietary) Limited  
(Registration number 2000/007239/07)  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein, 2001  
PO Box 4844, Johannesburg, 2000, South Africa  
*Telephone:* +27 86 154 6572  
*Fax:* +27 86 674 2450  
Email: meetfax@linkmarketservices.co.za

### ADR

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**Depository**

Deutsche Bank Trust Company Americas  
c/o American Stock Transfer and Trust Company  
Peck Slip Station  
PO Box 2050, New York, NY 10272-2050  
Email queries: db@amstock.com  
Toll Free: +1-800-937-5449  
Intl: +1-718-921-8137  
Fax: +1-718-921-8334

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ADR: American Depositary Receipts

**Sponsor**

J.P. Morgan Equities South Africa (Pty) Ltd  
1 Fricker Road, corner Hurlingham Road  
Illovo  
Johannesburg, 2196  
Private Bag X9936, Sandton, 2146, South Africa  
Telephone: +27 11 507 0300  
Fax: +27 11 507 0503

**Trading Symbols**

JSE Limited: HAR  
New York Stock Exchange, Inc: HMY  
Berlin Stock Exchange: HAM1

**Registration number**

1950/038232/06  
Incorporated in the Republic of South Africa

**ISIN**

ZAE000015228

**COMPETENT PERSON'S DECLARATION**

*Harmony reports in terms of the South African Code for the Reporting of Exploration results, Mineral Resources and Ore Reserves (SAMREC). In*

*South Africa Harmony appoints an ore reserve manager at each of its operations who takes responsibility for the compilation and reporting of mineral resources and mineral reserves at their operations. In Papua New Guinea, competent persons are appointed for the mineral resources and mineral reserves for specific projects and operations.*

***The mineral resources and mineral reserves in this report are based on information compiled by the following competent persons:***

*Resources and Reserves South Africa: Jaco Boshoff, BSc (Hons), MSc, MBA, Pr. Sci. Nat., who has 19 years' relevant experience and is registered with the South African Council for Natural Scientific Professions (SACNASP) and a member of the South African Institute of Mining and Metallurgy (SAIMM).*

*Resources and Reserves Papua New Guinea: Gregory Job, BSc, MSc, who has 26 years relevant experience and is a member of the Australian*

*Institute of Mining and Metallurgy (AusIMM). Mr Job has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian*

*Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code").*



*Mr Boshoff and Mr Job are full-time employees of Harmony Gold Mining Company Limited. These competent persons consent to the inclusion in*

*the report of the matters based on the information in the form and context in which it appears.*

Mineral Resource and Reserve information as at 30 June 2014 has not changed.

**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

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**SHAREHOLDER INFORMATION**

Issued ordinary share capital at 31 December 2014

436 094 323

Issued ordinary share capital at 30 September 2014

435 825 447

**Market capitalisation**

At 31 December 2014 (ZARm)

9 424

At 31 December 2014 (US\$m)

815

At 30 September 2014 (ZARm)

10 765

At 30 September 2014 (US\$m)

953

**Harmony ordinary shares and ADR prices**

12-month high (1 January 2014 –

31 December 2014) for ordinary shares

40.32

12-month low (1 January 2014 –

31 December 2014) for ordinary shares

17.00

12-month high (1 January 2014 –

31 December 2014) for ADRs

3.77

12-month low (1 January 2014 –

31 December 2014) for ADRs

1.56

**Free float**

**100%**

**ADR ratio**

**1:1**

**JSE Limited**

**HAR**

Range for quarter (1 October–

31 December 2014 closing prices)

R17.00 – R24.15

Average daily volume for the quarter (1 October –

31 December 2014)

2 977 951 shares

Range for quarter (1 July – 30 September 2014

closing prices)

R24.70 – R35.21

Average daily volume for the quarter

(1 July – 30 September 2014)

706 279 shares

**New york stock exchange including other**

**US trading platforms**

**HMY**

Range for quarter (1 October– 31 December 2014

closing prices)

US\$1.56 – US\$2.20

Average daily volume for the quarter

(1 October – 31 December 2014)

4 492 693

Range for quarter (1 July – 30 September 2014

closing prices)

US\$2.16 – US\$3.29

Average daily volume for the quarter

(1 July – 30 September 2014)

1 771 208

**Investors' calendar**

**2015**

Q3 FY15 presentation (webcast and conference calls only)

8 May 2015

Q4 FY15 live presentation from Johannesburg

18 August 2015

Q1 FY15 presentation (webcast and conference calls only)

5 November 2015

Annual General Meeting

20 November 2015

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**MESSAGE FROM THE CHIEF EXECUTIVE OFFICER**

**1. SAFETY**

Harmony recorded a fatal-free quarter in South Africa – a major achievement for a deep level underground gold mining company. Management and employees are commended for their efforts and commitment to achieving zero harm.

There was one fatality at Hidden Valley in Papua New Guinea (PNG). An employee was fatally injured when struck by a reversing loader in the milling area. The matter was investigated and safety standards were reinforced.

**2. GOLPU – A GAME CHANGER**

The results of the updated Golpu prefeasibility study (PFS) were announced on the 15th of December 2014. Please refer to our website for more details: [www.harmony.co.za](http://www.harmony.co.za).

The updated PFS supports our view that Golpu is a spectacular ore body with a large copper component, affordable and mineable. Our emphasis in preparing the PFS was to create flexibility to allow the size of the project to adapt to different levels of gold and copper prices, allowing Golpu to grow over time.

Key objectives of the study have been achieved by reducing the capital of the project, lowering operating costs and improving the rate of return. Harmony intends to fund the earlier stages of the project from internal cash flows, and reviewing other funding options for the latter stages.

Our application for an environmental permit has been submitted to the Papua New Guinean Department of Environment and Conservation. The permit relates to advanced exploration and feasibility support activities, comprising development of access roads, decline development to the ore body and associated works. The Stage 2 Concept Study was completed and demonstrated a technically feasible and economically viable plan to mine and process the remaining portion of the Golpu copper-gold reserve after depletion of Stage 1.

The Golpu project is a significant value accretive game-changer for Harmony.

**3. OPERATIONAL RESULTS**

Most of the South African operations delivered in line with their operational plans. Tshepong had an exceptional performance, beating its production plan by 16%. Masimong and Unisel delivered a consistent performance quarter on quarter, with Bambanani being our most profitable mine at a cash operating cost of R253 000/kg. Target 3 was placed on care and maintenance as planned.

On 2 December 2014, Harmony announced that a new plan would be implemented to return Kusasalethu to profitability. The new plan will entail mining lower volumes at higher grades at a reduced cost. Kusasalethu has not returned to profitability after various setbacks. The underperformance of the mine was further exacerbated by four fires and associated illegal mining activities during the past quarter. Harmony's intention is to restore

Kusasaletu to profitability by the end of the fourth quarter of the current financial year and we have commenced with a Section 189 process in terms of the Labour Relations Act to restructure the mine.

Hidden Valley also contributed to the quarter's lower production, due to a fatality and a belt tear on the overland conveyor (OLC). Both resulted in production stoppages at the mine. There was no structural damage to the OLC, but belt replacement work was not completed until January 2015. Maintenance scheduled for the OLC and the metallurgical plant in the first half of 2015 was brought forward and conducted while the belt was being replaced. Ore was hauled to the mill by truck during this period, adversely impacting costs.

Gold production during the March 2015 quarter is expected to be higher once Kusasaletu's restructuring is finalised and Hidden Valley returns to full production, positioning our operations to benefit from higher gold prices.

Lower gold production quarter on quarter and a lower gold price resulted in a decrease in production profit to R618 million in the December 2014 quarter, compared to R913 million in the previous quarter.

Cash operating cost for the December 2014 quarter improved (decreased) by 10% when compared to the previous quarter.

The decrease is due to lower electricity tariffs for the summer months, amounting to R200 million. Labour cost also decreased by R63 million in the December 2014 quarter. Capital expenditure for the December 2014 quarter increased by 14% to R682 million, compared to R596 million in the September 2014 quarter, due to major capital being spent at Phakisa and maintenance capital expenditure at most of the operations. However, we are still below the planned capital expenditure for FY15.

#### 4. FINANCIAL RESULTS

##### *Revenue*

Revenue decreased by R716 million (16%) to R3 715 million as a result of the 14% decrease in gold sold to 8 580kg and a 2% decrease in the Rand gold price received to R432 963/kg in the December 2014 quarter.

##### *Production costs*

The decrease in production costs in the December 2014 quarter is mainly a result of the decrease in the electricity cost of R200 million due to the decrease in the electricity price tariffs and Target 3 having been placed on care and maintenance at the end of the September 2014 quarter.

##### *Other items*

Other items included in cost of sales increased to R272 million in the December 2014 quarter, mainly as a result of employment termination and restructuring costs of R182 million which include the retrenchments of management in service areas and employees at Kusasaletu, Target 3 and Ernest Oppenheimer Hospital.

##### *Scrapping of property, plant and equipment*

We embarked on a life-of-mine optimisation process which was completed during the December 2014 quarter. The optimisation resulted in a greater focus on mining profitable and higher grade areas at our South African operations. It also resulted in removing lower grade and unprofitable areas from the mine plan for most of the operations. In the case of Kusasalethu and Masimong the optimisation lead to the abandonment of levels and areas with a carrying value and such areas were accordingly identified for scrapping.

## **Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

### **4**

#### *Other expenses – net*

The decrease to R52 million in expenses in the December 2014 quarter is mainly due to a reduced foreign exchange translation loss recorded on the US\$ syndicated loan of R69 million compared to R192 million in the September 2014 quarter. The Rand weakened from US\$/R11.32 at 30 September 2014 to US\$/R11.57 at 31 December 2014.

#### *Loan to associate*

During the December 2014 quarter, Rand Refinery Proprietary Limited drew down on the shareholders loan, of which Harmony's portion is R120 million.

#### *Borrowings*

The increase in the amount recorded on the balance sheet is due to the translation effect on the drawn amount of US\$ 270 million. Harmony secured a new revolving credit facility of up to US\$250 million with a three year duration. The facility matures in February 2018.

### **5. GOLD MARKET**

During the December 2014 quarter the average US dollar gold price received decreased by 6% to US\$1 200/oz, in comparison to US\$1 282/oz in the previous quarter. The decrease was partially offset by the weakening of the rand dollar exchange rate to R11.22/US\$, compared to R10.77/US\$ in the September 2014 quarter. As a result, the rand gold price received decreased quarter on quarter from R443 690/kg to R432 963/kg.

The company is positioned to remain competitive in times of low gold prices and benefit from higher gold prices.

### **6. RESTRUCTURING FOR PROFITABILITY**

#### *6.1 Closure of Target 3*

The restructuring process, which began in August 2014, was concluded during the December 2014 quarter following the signing of the agreement with all representative trade unions. The majority of the affected employees were absorbed at other operations.

#### *6.2 Closure of Ernest Oppenheimer Hospital (EOH)*

Our employees have access to medical hubs at our operations, which provide medical care and wellness advice to our employees. This strategy was implemented some two years ago. Keeping our employees healthy as well as our improved safety, resulted in EOH having fewer and fewer patients.

The hospital was licensed for 450 patients. Occupancy had, however dropped to below 100. The unit was therefore economically inefficient. As a result, we decided to close EOH. Most of the functions that EOH rendered have been moved to other hospitals in the Welkom area.

Discussions with the Department of Health as new potential owners of EOH are advanced. Should the transaction be concluded, it will enhance the ability of the province to supply healthcare to the



community.

### *6.3 Restructuring of Kusasalethu*

On 2 December 2014, notice was given to all representative trade unions of our intention to restructure Kusasalethu. Agreement was reached on the establishment of a task team to oversee the fair implementation of any mitigating alternatives to retrenchment, which includes transfers to other operations, voluntary separations, early retirements and re-skilling.

### *6.4 Voluntary separations for management*

There were 59 management employees who opted for voluntary retrenchment or early retirement packages as part of the central services management restructuring process.

### *6.5 Financial effects of the restructuring*

Our decision to restructure and optimise our operations, will contribute to a more profitable Harmony in the future. Unprofitable areas have been scrapped to the value of R214 million at Kusasalethu and R216 million at Masimong. Refer to financial results above. Retrenchment costs of R182 million have been recorded for the quarter.

## **7. WAGE NEGOTIATIONS 2015**

Preparations for this year's wage negotiations are under way, with the Gold Wage Caucus meeting regularly, both under the auspices of the Chamber of Mines and independently.

Harmony is engaging with all union shop stewards on the fundamentals of gold mining, Harmony's cost structures and the marginality of our operations. We have also increased our internal communication efforts to ensure that employees are aware of the importance of being at work, being productive and earning their salaries and bonuses.

## **8. POWER SUPPLY**

Since November 2014, the electricity supply in South Africa has been under pressure, with load shedding occurring at short notice. The power supplier, Eskom, announced that this will continue in the medium term. Load shedding has resulted in production losses during the quarter.

To ensure that our employees remain safe, especially while a shift is underground and that production continues, electricity needs to be managed efficiently, thus we have implemented the following mitigating measures:

- We are focusing our efforts on the reduction and optimisation of the use of electricity at each operation. Our emphasis is on reducing our electricity demand especially during peak times.
- We continue to look for and implement opportunities for load shifting where an opportunity presents itself and can be implemented with the least disruption to the operation and employees.
- Remaining industrial geysers are being replaced with heat pumps which will be finalised in March 2015.
- We have commissioned a study to identify direct purchase opportunities from Independent Power Producers and other opportunities to source electricity outside of Eskom. The study

also focuses on bringing renewable energy into our energy portfolio.

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- Harmony is a member of the EIUG (Energy Intensive User Group of Southern Africa), who are collaborating with the Minister of Energy to implement plans in an attempt to stabilise the electricity supply risks in South Africa.

9. SILICOSIS

Harmony, Anglo American South Africa, AngloGold Ashanti, Gold Fields and Sibanye Gold announced in November 2014, that they have formed an industry working group to address issues relating to compensation and medical care for occupational lung disease in the gold mining industry in South Africa.

The companies have begun to engage all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These legal proceedings are being defended.

Essentially, the companies are seeking a comprehensive solution which deals both with the legacy compensation issues and future legal frameworks and which, while being fair to employees, also ensure the future sustainability of companies in the industry.

10. MORE EXCITEMENT FROM PNG

(Harmony's 100% owned exploration area)

Drilling at Kili Teke is currently in progress with 732m completed by quarter end. At this very early stage of the drilling program, the broad zones of anomalism and their associated alteration styles and intensity are highly encouraging.

Post quarter end, drill results included 255m @ 0.24% Cu, 0.15 g/t Au from 146m. The entire drillhole is mineralised below the overthrust limestone. The intercept contains solid intervals of higher grade including 55m @ 0.45% Cu, 0.32 g/t Au from 160m, and some smaller intervals assaying in excess of 1% copper. From the outset, the drilling has outlined a sequence of highly altered and mineralized diorite porphyry together with narrower zones of copper-gold skarn mineralization. This greenfield project has the potential to develop into a major new copper gold find. Drilling continues.

11. CONCLUSION

In the current environment of volatile gold prices and possible deflationary trends, we are focussed – more than ever – on cost control and cash generation at existing operations. In addition, shareholder value is created through investing in Golpu, securing a sustainable, profitable future for Harmony.

**Graham Briggs**

**Chief Executive Officer**

THE INVESTMENT CASE FOR HARMONY

Firstly, we are the most efficient South African gold miner, by focusing on ways to improve our safety, production and cash operating costs. In addition, we are a company that's focused on the future. An investment in us is not just for short-term gain – we aim to provide increasing long-term benefits. We are able to do this primarily by funding our own capital, which puts us in

control of our business and enables us to make decisions that have a real impact on our profitability.

Secondly, we produce more than one million ounces of gold and being a leveraged gold company means that should the gold price rise our margins would improve dramatically in percentage terms. Management clearly understands this and we continue to make tough decisions in loss-making operations when the gold price softens. However, Harmony has a huge potential upside when the gold price strengthens, as we believe it will in the medium to long term.

One of our key strengths at Harmony is our understanding of where we operate – on both an economic and a social level.

The countries in which we operate and have experience, South Africa and Papua New Guinea, are both emerging economies.

They are developing countries and we are able to contribute to local communities in a way that can make a lasting difference.

For this reason, we wholeheartedly embrace our social licences to mine and endeavour to go beyond compliance.

The final reason to invest in Harmony is Golpu. It's a resource that we're sure will develop into a world-class copper gold mine, and will allow us to sustain our business well into the future.

*Extract from the Integrated Report for the financial year 2014*

“Chief executive officer discusses the major issues of FY14 and beyond”

[www.harmony.co.za](http://www.harmony.co.za)

**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

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RAND RESULTS

**FOR THE SECOND QUARTER**

**AND SIX MONTHS ENDED**

31 DECEMBER 2014

Q2 FY15

**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

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OPERATING RESULTS (RAND/METRIC) (US\$/IMPERIAL)

South Africa

Total

Harmony

Three

months

Ended

Underground production

Surface production

Total

South

Africa

Hidden

Valley

Kusasa-

lethu

Doornkop

Phakisa

Tshepong

Masimong

Target 1      Bambanani

Joel

Unisel

Target 3

Total

Underground

Phoenix

Dumps

Kalgold

Total

Surface

**Ore milled**

**– t'000**

**Dec-14**

**186**

**162**

**142**

**269**

**188**

**203**

**56**

**139**

**111**

**9**

1 465

1 555

666

366

2 587

4 052

384

4 436

Sep-14

290

136

158

259

185

183

59

146

114

81

1 611

1 609

636

393

2 638

4 249

521

4 770

**Gold produced**

**– kg**

**Dec-14**

775

727

773

1 210

705

1 010

664

629

471

41

7 005

223

218

343

784

7 789

670

8 459

Sep-14

1 334

619

855

1 078

698

1 042

727

533

477

442

7 805

233

222

326

781

8 586

849

9 435

**Gold produced**

**– oz**

**Dec-14**

**24 917**

**23 374**

**24 852**

**38 902**

**22 666**

**32 472**

**21 348**

**20 223**

**15 143**

**1 318**

**225 215**

**7 170**

**7 009**

**11 028**

**25 207**

**250 422**

**21 541**

**271 963**

Sep-14

42 889

19 901

27 489

34 658

22 441

33 501

23 374

17 136

15 336

14 211

250 936

7 491

7 137



10 481

25 109

276 045

27 296

303 341

**Yield**

**– g/tonne**

**Dec-14**

**4,17**

**4,49**

**5,44**

**4,50**

**3,75**

**4,98**

**11,86**

**4,53**

**4,24**

**4,56**

**4,78**

**0,14**

**0,33**

**0,94**

**0,30**

**1,92**

**1,74**

**1,91**

Sep-14

4,60

4,55

5,41

4,16

3,77

5,69

12,32

3,65

4,18

5,46

4,84

0,14

0,35

0,83

0,30

2,02

1,63

1,98

**Cash operating**

**costs**

**– R/kg**

**Dec-14**

**590 241**

**360 688**

369 639  
327 527  
351 210  
283 716  
252 893  
294 693  
346 295  
386 049  
352 329  
317 238  
376 101  
362 942  
353 601  
352 457  
411 216  
357 111  
Sep-14  
414 573  
440 977  
346 363  
369 139  
367 828  
285 610  
242 113  
369 818  
371 111  
349 385  
356 054  
328 605  
385 590  
373 819  
363 676  
356 748  
345 028  
355 693  
**Cash operating**  
**costs**  
**– \$/oz**  
**Dec-14**  
**1 636**  
**1 000**  
**1 025**  
**908**  
**973**  
**786**  
**701**  
**817**  
**960**  
**1 071**  
**977**  
**879**

**1 042**

**1 006**

**980**

**977**

**1 140**

**990**

Sep-14

1 198

1 274

1 001

1 067

1 063

825

699

1 069

1 072

1 009

1 029

949

1 114

1 080

1 051

1 031

997

1 028

**Cash operating**

**costs**

**– R/tonne**

**Dec-14**

**2 459**

**1 619**

**2 012**

**1 473**

**1 317**

**1 412**

**2 999**

**1 334**

**1 469**

**1 759**

**1 685**

**45**

**123**

**340**

**107**

**678**

**717**

**681**

Sep-14

1 907

2 007

1 874

1 536  
1 388  
1 626  
2 983  
1 350  
1 553  
1 907  
1 725  
48  
135  
310  
108  
721  
562  
704  
**Gold sold**  
**– Kg**  
**Dec-14**  
**844**  
**716**  
**774**  
**1 211**  
**705**  
**992**  
**665**  
**655**  
**472**  
**40**  
**7 074**  
**221**  
**215**  
**324**  
**760**  
**7 834**  
**746**  
**8 580**  
Sep-14  
1 433  
697  
868  
1 096  
709  
1 090  
739  
630  
485  
462  
8 209  
258  
239  
358

855  
 9 064  
 923  
 9 987  
**Gold sold**  
**– oz**  
**Dec-14**  
 27 135  
 23 020  
 24 885  
 38 934  
 22 666  
 31 893  
 21 380  
 21 059  
 15 175  
 1 286  
 227 433  
 7 105  
 6 912  
 10 417  
 24 434  
 251 867  
 23 984  
 275 851  
 Sep-14  
 46 072  
 22 409  
 27 907  
 35 237  
 22 795  
 35 044  
 23 759  
 20 255  
 15 593  
 14 854  
 263 925  
 8 295  
 7 684  
 11 510  
 27 489  
 291 414  
 29 675  
 321 089  
**Revenue**  
**(R'000)**  
**Dec-14**  
 368 922  
 310 710  
 334 833  
 523 472

305 679	
428 602	
288 451	
283 735	
204 258	
17 519	
3 066 181	
95 610	
92 441	
139 917	
327 968	3 394 149
320 670	3 714 819
Sep-14	
635 948	
309 439	
385 455	
486 350	
314 566	
483 669	
328 079	
279 430	
215 453	
204 975	
3 643 364	
114 586	
106 905	
158 640	
380 131	4 023 495
407 641	4 431 136
<b>Cash operating</b>	
<b>costs</b>	
<b>(R'000)</b>	
<b>Dec-14</b>	
457 437	
262 220	
285 731	
396 308	
247 603	
286 553	
167 921	
185 362	
163 105	
15 828	
2 468 068	
70 744	
81 990	
124 489	
277 223	2 745 291
275 515	3 020 806
Sep-14	
553 041	

272 965  
 296 140  
 397 932  
 256 744  
 297 606  
 176 016  
 197 113  
 177 020  
 154 428  
 2 779 005  
 76 565  
 85 601  
 121 865  
 284 031      3 063 036  
 292 929      3 355 965

**Inventory  
movement  
(R'000)**

**Dec-14**

**24 957**

**(5 034)**

**5 278**

**1 831**

**2 797**

**(2 277)**

**4 359**

**11 097**

**2 143**

**(321)**

**44 830**

**(319)**

**(393)**

**(4 271)**

**(4 983)**

**39 847**

**35 755**

**75 602**

Sep-14

29 247

35 654

1 826

9 085

1 274

13 923

(1 481)

25 540

(11)

7 238

122 295

9 620

6 603

9 954

26 177

148 472

13 517

161 989

**Operating costs**

**(R'000)**

**Dec-14**

**482 394**

**257 186**

**291 009**

**398 139**

**250 400**

**284 276**

**172 280**

**196 459**

**165 248**

**15 507**

**2 512 898**

**70 425**

**81 597**

**120 218**

**272 240 2 785 138**

**311 270 3 096 408**

Sep-14

582 288

308 619

297 966

407 017

258 018

311 529

174 535

222 653

177 009

161 666

2 901 300

86 185

92 204

131 819

310 208 3 211 508

306 446 3 517 954

**Production profit (R'000)**

**Dec-14**

**(113 472)**

**53 524**

**43 824**

**125 333**

**55 279**

**144 326**

**116 171**

**87 276**



39 010  
 2 012  
 553 283  
 25 185  
 10 844  
 19 699  
 55 728  
 609 011  
 9 400  
 618 411

Sep-14  
 53 660  
 820  
 87 489  
 79 333  
 56 548  
 172 140  
 153 544  
 56 777  
 38 444  
 43 309  
 742 064  
 28 401  
 14 701  
 26 821  
 69 923  
 811 987  
 101 195  
 913 182

**Production profit (\$'000)**

**Dec-14**  
**(10 112)**  
 4 770  
 3 905  
 11 170  
 4 927  
 12 862  
 10 353  
 7 777  
 3 476  
 179  
 49 307  
 2 244  
 967  
 1 756  
 4 967  
 54 274  
 838  
 55 112  
 Sep-14  
 4 984

76  
 8 127  
 7 370  
 5 253  
 15 991  
 14 264  
 5 275  
 3 571  
 4 023  
 68 934  
 2 638  
 1 366  
 2 490  
 6 494  
 75 428  
 9 400  
 84 828  
**Capital**  
**expenditure**  
**(R'000)**  
**Dec-14**  
**122 185**  
**73 259**  
**127 836**  
**87 070**  
**48 441**  
**69 120**  
**39 338**  
**59 654**  
**31 380**  
 —  
**658 283**  
**414**  
**2 487**  
**8 770**  
**11 671**  
**669 954**  
**11 814**  
**681 768**  
 Sep-14  
 124 368  
 55 554  
 85 185  
 83 513  
 40 526  
 73 614  
 24 540  
 30 778  
 29 229  
 20 437  
 567 744

634  
 503  
 6 420  
 7 557  
 575 301  
 21 153  
 596 454  
**Capital**  
**expenditure**  
**(\$'000)**  
**Dec-14**  
**10 888**  
**6 528**  
**11 392**  
**7 759**  
**4 317**  
**6 160**  
**3 506**  
**5 316**  
**2 796**  
 –  
**58 662**  
**37**  
**222**  
**782**  
**1 041**  
**59 703**  
**1 053**  
**60 756**  
 Sep-14  
 11 553  
 5 160  
 7 913  
 7 758  
 3 765  
 6 838  
 2 280  
 2 859  
 2 715  
 1 898  
 52 739  
 59  
 47  
 596  
 702  
 53 441  
 1 965  
 55 406  
**Cash operating**  
**cost and capital**  
**– R/kg**

**Dec-14**

**747 899**

**461 457**

**535 016**

**399 486**

**419 921**

**352 151**

**312 137**

**389 533**

**412 919**

**386 049**

**446 303**

**319 094**

**387 509**

**388 510**

**368 487**

**438 470**

**428 849**

**437 708**

Sep-14

507 803

530 725

445 994

446 609

425 888

356 257

275 868

427 563

432 388

395 622

428 796

331 326

387 856

393 512

373 352

423 752

369 943

418 910

**Cash operating  
cost and capital**

**– \$/oz**

**Dec-14**

**2 073**

**1 279**

**1 483**

**1 107**

**1 164**

**976**

**865**

**1 080**

**1 144**

1 071

1 237

884

1 074

1 077

1 021

1 215

1 189

1 213

Sep-14

1 467

1 533

1 289

1 290

1 231

1 029

797

1 235

1 249

1 143

1 239

957

1 121

1 137

1 079

1 224

1 069

1 210

**All-in sustaining**

**costs**

**– R/kg**

**Dec-14**

**743 336**

**470 383**

**503 210**

**416 470**

**443 880**

**374 820**

**303 254**

**376 107**

**435 600**

**405 170**

**454 139**

**320 538**

**404 276**

**414 402**

**384 243**

**447 513**

**535 921**

**455 202**

Sep-14

516 475  
 542 644  
 455 711  
 467 277  
 443 372  
 369 043  
 271 532  
 402 722  
 446 757  
 410 359  
 438 942  
 336 607  
 398 180  
 404 573  
 382 277  
 433 919  
 403 002  
 431 063

**All-in sustaining  
 costs**

– \$/oz

**Dec-14**

**2 060**

**1 304**

**1 395**

**1 154**

**1 230**

**1 039**

**841**

**1 042**

**1 207**

**1 123**

**1 259**

**889**

**1 121**

**1 149**

**1 065**

**1 240**

**1 486**

**1 262**

Sep-14

1 492

1 568

1 317

1 350

1 281

1 066

785

1 164

1 291

1 186

1 268  
973  
1 150  
1 169  
1 104  
1 254  
1 163  
1 245

9

CONDENSED CONSOLIDATED INCOME STATEMENTS (RAND)

**Figures in million**

Note

**Quarter ended**

**Six months ended**

**30 June**

**2014**

**(Audited)**

**31 Dec**

**2014**

**(Unaudited)**

30 Sep

2014

(Unaudited)

31 Dec

2013

(Unaudited)

**31 Dec**

**2014**

**(Unaudited)**

31 Dec

2013

(Reviewed)

Revenue

**3 715**

4 431

4 071

**8 146**

8 089

**15 682**

Cost of sales

2

**(3 970)**

(4 319)

(3 817)

**(8 289)**

(7 552)

**(16 088)**

Production costs

**(3 096)**

(3 518)

(3 086)

**(6 614)**

(6 067)

**(11 888)**

Amortisation and depreciation

**(602)**

(650)

(565)

**(1 252)**



(1 142)

**(2 143)**

Impairment of assets

—

—

—

—

—

**(1 439)**

Other items

**(272)**

(151)

(166)

**(423)**

(343)

**(618)**

**Gross (loss)/profit**

**(255)**

112

254

**(143)**

537

**(406)**

Corporate, administration and other  
expenditure

**(83)**

(111)

(102)

**(194)**

(210)

**(430)**

Social investment expenditure

**(15)**

(24)

(21)

**(39)**

(59)

**(88)**

Exploration expenditure

**(95)**

(85)

(112)

**(180)**

(254)

**(458)**

Profit on sale of property, plant and  
equipment

**1**

—

—

**1**

—	
<b>30</b>	
Loss on scrapping of property, plant and equipment	
4	
<b>(430)</b>	
—	
—	
<b>(430)</b>	
—	
—	
Other expenses (net)	
6	
<b>(52)</b>	
(187)	
(140)	
<b>(239)</b>	
(139)	
<b>(208)</b>	
<b>Operating loss</b>	
<b>(929)</b>	
(295)	
(121)	
<b>(1 224)</b>	
(125)	
<b>(1 560)</b>	
Profit/(loss) from associates	
5	
—	
—	
4	
—	
7	
<b>(109)</b>	
(Impairment)/profit on disposal of investments	
—	
—	
—	
—	
(7)	
<b>7</b>	
Net gain on financial instruments	
<b>8</b>	
7	
39	
<b>15</b>	
113	
<b>170</b>	
Investment income	
<b>59</b>	

51  
 50  
**110**  
 95  
**220**  
 Finance cost  
**(67)**  
 (65)  
 (57)  
**(132)**  
 (117)  
**(277)**  
**Loss before taxation**  
**(929)**  
 (302)  
 (85)  
**(1 231)**  
 (34)  
**(1 549)**  
 Taxation  
**73**  
 36  
 (6)  
**109**  
 (44)  
**279**  
 Normal taxation  
**(4)**  
 1  
 —  
**(3)**  
 (49)  
**(24)**  
 Deferred taxation  
**77**  
 35  
 (6)  
**112**  
 5  
**303**  
**Net loss for the period**  
**(856)**  
 (266)  
 (91)  
**(1 122)**  
 (78)  
**(1 270)**  
*Attributable to:*  
 Owners of the parent  
**(856)**  
 (266)

(91)

**(1 122)**

(78)

**(1 270)**

**Loss per ordinary share (cents)**

3

Basic loss

**(197)**

(61)

(21)

**(258)**

(18)

**(293)**

Diluted loss

**(197)**

(61)

(21)

**(258)**

(18)

**(293)**

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

**10**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(RAND)

The unaudited condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared by

Harmony Gold Mining Company Limited's corporate reporting team headed by Herman Perry. This process was supervised by the

financial director, Frank Abbott and approved by the board of Harmony Gold Mining Company Limited. These financial statements have

not been audited or independently reviewed.

**Figures in million**

**Quarter ended**

**Six months ended**

**30 June**

**2014**

**(Audited)**

**31 Dec**

**2014**

**(Unaudited)**

30 Sep

2014

(Unaudited)

31 Dec

2013

(Unaudited)

**31 Dec**

**2014**

**(Unaudited)**

31 Dec

2013

(Reviewed)

Net loss for the period

**(856)**

(266)

(91)

**(1 122)**

(78)

**(1 270)**

Other comprehensive (loss)/income for the period, net of income tax

**(114)**

179

378

**65**

(317)

**(140)**

Items that may be reclassified subsequently to profit or loss:

**(114)**

179	
378	
<b>65</b>	
(317)	
<b>(109)</b>	
Foreign exchange translation	
<b>(114)</b>	
179	
370	
<b>65</b>	
(324)	
<b>(108)</b>	
Movements on investments	
—	
—	
8	
—	
7	
<b>(1)</b>	
Items that will be reclassified	
to profit or loss:	
—	
—	
—	
—	
<b>(31)</b>	
Actuarial loss recognised during the year	
—	
—	
—	
—	
<b>(38)</b>	
Deferred tax thereon	
—	
—	
—	
—	
<b>7</b>	
<b>Total comprehensive</b>	
<b>(loss)/income for the period</b>	
<b>(970)</b>	
(87)	
287	
<b>(1 057)</b>	
(395)	
<b>(1 410)</b>	
<i>Attributable to:</i>	
Owners of the parent	

**(970)**

**(87)**

**287**

**(1 057)**

**(395)**

**(1 410)**

The accompanying notes are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (RAND)**

for the six months ended 31 December 2014 (unaudited)

**Figures in million**

**Share**

**capital**

**Other**

**reserves**

**(Accumulated**

**loss)/**

**retained**

**earnings**

**Total**

Balance – 30 June 2014

**28 325**

**3 539**

**(822)**

**31 042**

Share-based payments

–

**129**

–

**129**

Net loss for the period

–

–

**(1 122)**

**(1 122)**

Other comprehensive income for the period

–

**65**

–

**65**

**Balance – 31 December 2014**

**28 325**

**3 733**

**(1 944)**

**30 114**

Balance – 30 June 2013

28 325

3 442

448

32 215

Share-based payments

–

145

—

145

Net loss for the period

—

—

(78)

(78)

Other comprehensive loss for the period

—

(317)

—

(317)

Balance – 31 December 2013

28 325

3 270

370

31 965

The accompanying notes are an integral part of these condensed consolidated financial statements.

The condensed consolidated statement of changes in equity for the six months ended 31 December 2013 has been reviewed.



**11**

CONDENSED CONSOLIDATED BALANCE SHEETS (RAND)

**Figures in million**

Note

**At**

**31 Dec**

**2014**

**(Unaudited)**

At

30 Sep

2014

(Unaudited)

At

30 June

2014

(Audited)

**At**

**31 Dec**

**2013**

**(Reviewed)**

ASSETS

**Non-current assets**

Property, plant and equipment

4

**32 843**

33 232

33 069

**32 663**

Intangible assets

**883**

885

886

**2 193**

Restricted cash

**42**

38

42

**38**

Restricted investments

**2 366**

2 329

2 299

**2 180**

Deferred tax assets

**71**

76

81

**91**

Investments in associates

5

—

—
—
<b>115</b>
Loan to associate
5
<b>120</b>
—
—
—
Investments in financial assets
<b>5</b>
4
4
<b>4</b>
Inventories
<b>50</b>
50
50
<b>57</b>
<b>Total non-current assets</b>
<b>36 380</b>
36 614
36 431
<b>37 341</b>
<b>Current assets</b>
Inventories
<b>1 337</b>
1 390
1 534
<b>1 423</b>
Trade and other receivables
<b>822</b>
693
951
<b>1 149</b>
Income and mining taxes
<b>43</b>
94
110
<b>106</b>
Restricted cash
<b>15</b>
15
15
<b>15</b>
Cash and cash equivalents
<b>1 374</b>
2 281
1 829
<b>2 323</b>
<b>3 591</b>

4 473

4 439

**5 016**

Non-current assets and assets of disposal groups classified as held for sale

—

—

—

**46**

**Total current assets**

**3 591**

4 473

4 439

**5 062**

**Total assets**

**39 971**

41 087

40 870

**42 403**

EQUITY AND LIABILITIES

**Share capital and reserves**

Share capital

**28 325**

28 325

28 325

**28 325**

Other reserves

**3 733**

3 787

3 539

**3 270**

(Accumulated loss)/retained earnings

**(1 944)**

(1 088)

(822)

**370**

**Total equity**

**30 114**

31 024

31 042

**31 965**

**Non-current liabilities**

Deferred tax liabilities

**2 562**

2 640

2 680

**3 000**

Provision for environmental rehabilitation

**2 170**

2 148

2 098

**2 016**

Retirement benefit obligation

**255**

251

247

**201**

Other non-current liabilities

7

**42**

40

95

**71**

Borrowings

6

—

—

2 860

**3 280**

**Total non-current liabilities**

**5 029**

5 079

7 980

**8 568**

**Current liabilities**

Borrowings

6

**3 121**

3 052

—

—

Income and mining taxes

—

9

—

—

Trade and other payables

**1 707**

1 923

1 848

**1 870**

**Total current liabilities**

**4 828**

4 984

1 848

**1 870**

**Total equity and liabilities**

**39 971**

41 087

40 870

**42 403**

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

**12**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (RAND)**

**Figures in million**

**Quarter ended**

**Six months ended**

**Year ended**

**30 June**

**2014**

**(Audited)**

**31 Dec**

**2014**

**(Unaudited)**

30 Sep

2014

(Unaudited)

31 Dec

2013

(Unaudited)

Restated\*

**31 Dec**

**2014**

**(Unaudited)**

31 Dec

2013

(Reviewed)

Restated

#

**Cash flow from operating activities**

Cash (utilised)/generated by operations

**(64)**

1 071

727

**1 007**

1 031

**2 247**

Interest and dividends received

**30**

25

32

**55**

58

**139**

Interest paid

**(23)**

(23)

(21)

**(46)**

(50)

**(121)**

Income and mining taxes refunded/(paid)

**39**

25

(28)

**64**

(28)

**3**

**Cash (utilised)/generated by operating activities**

**(18)**

1 098

710

**1 080**

1 011

**2 268**

**Cash flow from investing activities**

(Increase)/decrease in restricted cash

**(4)**

4

—

—

—

**(6)**

Decrease/(increase) in restricted investments

—

1

—

**1**

—

**(24)**

Proceeds on disposal of investments

—

—

—

—

—

**51**

Loan to associate

**(120)**

—

—

**(120)**

—

—

Other investing activities

—

—

**(1)**

—

**(10)**

—

Net additions to property, plant and equipment

1

**(748)**

(651)

(651)

**(1 399)**

(1 335)

**(2 661)**

**Cash utilised by investing activities**

**(872)**

(646)

(652)

**(1 518)**

(1 345)

**(2 640)**

**Cash flow from financing activities**

Borrowings raised

—

—

—

—

612

**612**

Borrowings repaid

—

—

(3)

—

(6)

**(468)**

**Cash (utilised)/generated by financing activities**

—

—

(3)

—

606

**144**

**Foreign currency translation adjustments**

**(17)**

—

(20)

**(17)**

(38)

**(32)**

Net (decrease)/increase in cash and cash equivalents

**(907)**

452

35

**(455)**

234

**(260)**

Cash and cash equivalents – beginning of period

**2 281**

1 829

2 288

**1 829**

2 089

**2 089**

**Cash and cash equivalents – end of period**

**1 374**

2 281

2 323

**1 374**

2 323

**1 829**

1

*Includes capital expenditure for Wafi-Golpu and other international projects of R1 million in the December 2014 quarter (September 2014 quarter: R15 million)*

*(December 2013 quarter: Rnil) and R12 million in the year ended 30 June 2014.*

*\* Cash generated by operating activities and cash utilised by investing activities previously reported as R683 million and (R625 million) restated to R710 million and (R652 million) respectively in the December 2013 quarter. This is mainly related to the change in accounting policy for IFRIC 20.*

#

*Cash generated by operating activities and cash utilised by investing activities previously reported as R918 million and (R1 252 million) restated to R1 011 million and*

*(R1 345 million) respectively in the six months ended 31 December 2013. This is mainly related to the change in accounting policy for IFRIC 20.*

The accompanying notes are an integral part of these condensed consolidated financial statements.



**13**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

for the six months ended 31 December 2014 (Rand)

**1.**

**Accounting policies**

*Basis of accounting*

The condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance

with IAS 34, Interim Financial Reporting, JSE Listings Requirements, SAICA Financial Reporting Guides as issued by the Accounting

Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and in the manner

required by the Companies Act of South Africa. They should be read in conjunction with the annual financial statements for the

year ended 30 June 2014, which have been prepared in accordance with International Financial Reporting Standards as issued by

the International Accounting Standards Board (IFRS). The accounting policies are consistent with those described in the annual

financial statements, except for the adoption of applicable revised and/or new standards issued by the International Accounting

Standards Board.

The following accounting standards, amendments to standards and new interpretations have been adopted with effect from

1 July 2014 and had no impact on the financial results of the group:

IFRSs

Annual Improvements 2010 – 2012 Cycle

IAS 32

Amendment – Presentation – Offsetting Financial Assets and Financial Liabilities

IAS 36

Amendment – Impairment of Assets – Recoverable amount disclosures for non-financial assets

IFRIC 21

Levies

**2.**

**Cost of sales**

**Figures in million**

**Quarter ended**

**Six months ended**

**Year ended**

**30 June**

**2014**

**(Audited)**

**31 Dec**

**2014**

**(Unaudited)**

**30 Sep**

**2014**

**(Unaudited)**

**31 Dec**

**2013**

**(Unaudited)**

**31 Dec**

**2014**

**(Unaudited)**

31 Dec

2013

(Reviewed)

Production costs – excluding royalty

**3 074**

3 486

3 047

**6 560**

5 990

**11 761**

Royalty expense

**22**

32

39

**54**

77

**127**

Amortisation and depreciation

**602**

650

565

**1 252**

1 142

**2 143**

Impairment of assets

–

–

–

–

–

**1 439**

Rehabilitation expenditure/(credit)

1

**5**

14

(15)

**19**

–

**8**

Care and maintenance cost of  
restructured shafts

**20**

17

18

**37**

35

**66**

Employment termination and  
restructuring costs

2
<b>182</b>
48
50
<b>230</b>
144
<b>274</b>
Share-based payments
<b>66</b>
73
113
<b>139</b>
164
<b>270</b>
Other
<b>(1)</b>
(1)
—
<b>(2)</b>
—
—
<b>Total cost of sales</b>
<b>3 970</b>
4 319
3 817
<b>8 289</b>
7 552
<b>16 088</b>

1

*Included in the December 2014 quarter is a credit of R11 million as a result of work performed in the Free State and at Deelkraal, resulting in a reduction in the rehabilitation liability.*

2

*The September 2014 quarter total includes amounts provided for employees of Target 3. The December 2014 quarter total includes amounts relating to management retrenchments and retrenchment of employees at Target 3, Ernest Oppenheimer Hospital and a provision for Kusasalethu.*

**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

**14**

**3.**

**(Loss)/earnings per share**

**Quarter ended**

**Six months ended**

**Year ended**

**30 June**

**2014**

**(Audited)**

**31 Dec**

**2014**

**(Unaudited)**

30 Sep

2014

(Unaudited)

31 Dec

2013

(Unaudited)

**31 Dec**

**2014**

**(Unaudited)**

31 Dec

2013

(Reviewed)

Weighted average number of shares

(million)

**434.2**

434.1

432.9

**434.1**

432.8

**433.2**

Weighted average number of diluted

shares (million)

**435.2**

435.4

433.4

**436.1**

433.8

**434.7**

**Total (loss)/earnings per share (cents):**

Basic loss

**(197)**

(61)

(21)

**(258)**

(18)

**(293)**

Diluted loss

**(197)**

(61)

(21)

**(258)**

(18)

**(293)**

Headline (loss)/earnings

**(114)**

(61)

(21)

**(175)**

(16)

**26**

Diluted headline (loss)/earnings

**(114)**

(61)

(21)

**(175)**

(16)

**26**

Figures in million

**Reconciliation of headline (loss)/  
earnings:**

Net loss

**(856)**

(266)

(91)

**(1 122)**

(78)

**(1 270)**

*Adjusted for:*

Impairment/(profit on disposal) of  
investments

1

—

—

—

—

7

**(7)**

Impairment of assets

—

—

—

—

—

**1 439**

Taxation effect on impairment of assets

—

—

—

—  
 —  
**(24)**  
 Profit on sale of property, plant and  
 equipment  
**(1)**  
 —  
 —  
**(1)**  
 —  
**(30)**  
 Taxation effect of profit on sale of  
 property, plant and equipment  
 —  
 —  
 —  
 —  
 —  
**6**  
 Loss on scrapping of property, plant and  
 equipment  
**430**

—  
 —  
**430**  
 —  
 —  
 Taxation effect on loss of scrapping of  
 property, plant and equipment  
**(69)**

—  
 —  
**(69)**  
 —  
 —  
**Headline (loss)/earnings**

**(496)**  
 (266)  
 (91)  
**(763)**  
 (71)  
**114**

*There is no taxation effect on these items.*  
**4.**

#### **Loss on scrapping of property, plant and equipment**

During the financial year, management and the South African operations embarked on a life-of-mine optimisation process which was finalised at the end of the December 2014 quarter. The optimisation ensured greater focus on mining profitable and higher grade areas at our operations and therefore resulted in the abandonment of lower grade and unprofitable areas from the

life-of-

mine plan for most of the operations.

In the case of Kusasalethu and Masimong, the optimisation lead to the abandonment of levels and areas with a carrying value. The

abandonment of these areas, resulted in the derecognition of property, plant and equipment as no future economic benefits are

expected from its use or disposal and a loss on scrapping of property, plant and equipment of R214 million on Kusasalethu and

R216 million on Masimong was recorded in the December 2014 quarter.

**5.**

**Investment in associate**

Harmony holds a 10.38% share in Rand Refinery Proprietary Limited (Rand Refinery). Due to the issues experienced at Rand Refinery

following the implementation of a new Enterprise Resource Planning (ERP) system on 1 April 2013, Harmony provided for its full

share of loss for the inventory discrepancy and recognised a R127 million loss in the June 2014 quarter.

As a precautionary measure following the challenges experienced by the implementation of the software system, Rand Refinery's

shareholders have extended Rand Refinery an irrevocable, subordinated loan facility of up to R1.2 billion. The facility is convertible

to equity after a period of two years. The agreements relating to the facility were signed on 23 July 2014.

During the December 2014 quarter, Rand Refinery Proprietary Limited drew down R1.02 billion on the shareholders loan. Harmony's

portion of the shareholders' loan was R120 million. Interest on the facility is JIBAR plus a margin of 3.5%.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED  
for the six months ended 31 December 2014 (Rand)

**6. Borrowings**

The drawn level on the US\$ syndicated revolving credit facility remains at US\$270 million. The weakening of the Rand against the US\$ resulted in a foreign exchange translation loss of R69 million being recorded in the December 2014 quarter (September 2014

quarter: R192 million), increasing the borrowings balance and Other expenses (net). The facility is repayable by September 2015. As

a result, the borrowings balance was reclassified to current liabilities.

Harmony secured a new revolving credit facility of up to US\$250 million with a three-year duration. The facility matures in

February 2018.

The debt covenants on all facilities are as follows:

At 31 December 2014, the full amount was available on the Nedbank revolving credit facility of R1.3 billion. The facility is available until December 2016.

7.

**Other non-current liabilities**

During the September 2014 quarter, negotiations were entered into with the claimants in the matter relating to the pumping and

treatment cost of fissure water in the Klerksdorp, Orkney, Stilfontein and Hartbeesfontein (KOSH) Basin. Payment of R24 million was

made to Simmer and Jack Investments (Pty) Limited as full and final settlement during the September 2014 quarter.

The amount

owing to AngloGold Ashanti Limited was reclassified to trade and other payables at 30 September 2014 and the full and final

settlement of R30 million was made in October 2014.

8.

**Financial risk management activities**

*Fair value determination*

The following table presents the group's assets and liabilities that are measured at fair value by level within the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly (that

is, as prices) or indirectly (that is derived from prices);

Level 3: Inputs for the asset that are not based on observable market data (that is unobservable inputs).

**Figures in million**

At

31 Dec

2014

(Unaudited)

At

30 Sep

2014

(Unaudited)

At

30 June

2014



(Audited)

At

31 Dec

2013

(Reviewed)

Available-for-sale financial assets

1

Level 1

—

—

—

46

Level 2

—

—

—

—

Level 3

5

4

4

4

Fair value through profit or loss

2

Level 1

—

—

—

—

Level 2

375

632

798

934

Level 3

—

—

—

—

1

*Level 1 fair values are directly derived from actively traded shares on the JSE.*

*Level 3 fair values have been valued by the directors by performing independent valuations on an annual basis.*

2

*The majority of the level 2 fair values are directly derived from the Shareholders Weighted Top 40 index (SWIX 40) on the JSE, and are discounted at market interest rate.*

9.

Commitments and contingencies

Figures in million

At

31 Dec

**2014**

**(Unaudited)**

At

30 Sep

2014

(Unaudited)

At

30 June

2014

(Audited)

**At**

**31 Dec**

**2013**

**(Reviewed)**

**Capital expenditure commitments:**

Contracts for capital expenditure

**172**

206

157

**322**

Authorised by the directors but not contracted for

**1 646**

2 359

519

**1 152**

**1 818**

2 565

676

**1 474**

This expenditure will be financed from existing resources and, where appropriate, borrowings.

# Harmony Gold Mining Company Limited

Results for the second quarter FY15 and six months ended 31 December 2014

16

## Contingent liabilities

For a detailed disclosure on contingent liabilities refer to Harmony's annual financial statements for the financial year ended

30 June 2014, available on the group's website ([www.harmony.co.za](http://www.harmony.co.za)). There were no significant changes in contingencies since

30 June 2014.

## 10. Related parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the

activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group.

There have been

no transactions with related parties during the six months ended 31 December 2014.

## 11. Subsequent events

There were no subsequent events to report.

## 12. Segment report

The segment report follows on page 17.

## 13. Reconciliation of segment information to condensed consolidated income statements and balance sheets

Figures in million

Six months ended

31 Dec

2014

(Unaudited)

31 Dec

2013

(Reviewed)

The "Reconciliation of segment information to condensed consolidated financial statements" line item in the segment report is broken down in the following elements, to give a better understanding of the differences between the financial statements and segment report:

### Reconciliation of production profit to gross (loss)/profit

Total segment revenue

**8 146**

8 089

Total segment production costs

**(6 614)**

(6 067)

Production profit per segment report

**1 532**

2 022

Depreciation

**(1 252)**

(1 142)

Other cost of sales items

**(423)**

(343)

**Gross (loss)/profit as per income statements**

**1**

**(143)**

537

1

*The reconciliation was done up to the first recognisable line item on the income statement. The reconciliation will follow the income statement after that.*

**Figures in million**

**At**

**31 Dec**

**2014**

**(Unaudited)**

At

31 Dec

2013

(Reviewed)

Reconciliation of total segment mining assets to consolidated property, plant and equipment

Property, plant and equipment not allocated to a segment

Mining assets

**791**

1 133

Undeveloped property

**5 139**

5 139

Other non-mining assets

**162**

89

Wafi-Golpu assets

**1 105**

1 069

**7 197**

7 430

17

SEGMENT REPORT (RAND/METRIC)

for the six months ended 31 December 2014 (unaudited)

**Revenue**

**31 Dec**

**Production cost**

**31 Dec**

**Production**

**(loss)/profit**

**31 Dec**

**Mining assets**

**31 Dec**

**Capital**

**expenditure**

**#**

**31 Dec**

**Kilograms**

**produced**

**31 Dec**

**Tonnes milled**

**31 Dec**

**2014**

2013

**2014**

2013

**2014**

2013

**2014**

2013

**2014**

2013

**2014**

2013

**2014**

2013

**R million**

**R million**

**R million**

**R million**

**R million**

**kg**

**t'000**

**South Africa**

**Underground**

Kusasaletu

**1 005**

965

**1 065**

867

**( 60)**

98

**3 526**

3 502

**247**

250

**2 109**

2 412

**476**

631

Doornkop

**620**

707

**566**

581

**54**

126

**3 332**

3 380

**129**

124

**1 346**

1 637

**298**

474

Phakisa

**720**

625

**589**

546

**131**

79

**4 625**

4 530

**213**

189

**1 628**

1 461

**300**

293

Tshepong

**1 010**

861

**805**

707

**205**

154

**3 997**

3 986

**171**

146

**2 288**

2 011

**528**  
468  
Masimong  
**620**  
617  
**508**  
516  
**112**  
101  
**879**  
1 021  
**89**  
78  
**1 403**  
1 442  
**373**  
350  
Target 1  
**912**  
999  
**596**  
525  
**316**  
474  
**2 799**  
2 690  
**143**  
126  
**2 052**  
2 322  
**386**  
384  
Bambanani  
(a)  
**617**  
691  
**347**  
356  
**270**  
335  
**842**  
881  
**64**  
62  
**1 391**  
1 613  
**115**  
129  
Joel  
**563**  
580

**419**

349

**144**

231

**513**

354

**90**

80

**1 162**

1 371

**285**

308

Unisel

**420**

423

**342**

311

**78**

112

**625**

347

**61**

42

**948**

988

**225**

215

Target 3

**222**

316

**177**

289

**45**

27

**546**

508

**20**

72

**483**

742

**90**

157

**Surface**

All other surface operations

**709**

652

**582**

485

**127**

167

**475**



472  
**19**  
 25  
**1 565**  
 1 604  
**5 225**  
 5 382  
**Total South Africa**  
**7 418**  
 7 436  
**5 996**  
 5 532  
**1 422**  
 1 904  
**22 159**  
 21 671  
**1 246**  
 1 194  
**16 375**  
 17 603  
**8 301**  
 8 791  
**International**  
 Hidden Valley  
**728**  
 653  
**618**  
 535  
**110**  
 118  
**3 487**  
 3 562  
**33**  
 68  
**1 519**  
 1 547  
**905**  
 1 009  
**Total international**  
**728**  
 653  
**618**  
 535  
**110**  
 118  
**3 487**  
 3 562  
**33**  
 68  
**1 519**  
 1 547

**905**

1 009

**Total operations**

**8 146**

8 089

**6 614**

6 067

**1 532**

2 022

**25 646**

25 233

**1 279**

1 262

**17 894**

19 150

**9 206**

9 800

Reconciliation of the segment  
information to the condensed  
consolidated financial statements  
(refer to note 13)

**7 197**

7 430

**8 146**

8 089

**6 614**

6 067

**32 843**

32 663

#

*Capital expenditure for international operations excludes expenditure spend on Wafi-Golpu of R16 million (2013: Rnil).*

*(a)*

*Includes Steyn 2 for the December 2013 amounts.*

The segment report for the six months ended 31 December 2013 has been reviewed, except for production statistics.

**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

**18**

US\$ RESULTS

**FOR THE SECOND QUARTER**

**AND SIX MONTHS ENDED**

31 DECEMBER 2014

Q2 FY15

**19**

**CONDENSED CONSOLIDATED INCOME STATEMENTS (US\$)**

(Convenience translation)

**Figures in million**

**Quarter ended**

**Six months ended**

**Year ended**

**30 June**

**2014**

**(Audited)**

**31 Dec**

**2014**

**(Unaudited)**

30 Sep

2014

(Unaudited)

31 Dec

2013

(Unaudited)

**31 Dec**

**2014**

**(Unaudited)**

31 Dec

2013

(Unaudited)

Revenue

**327**

412

402

**739**

805

**1 515**

Cost of sales

**(354)**

(401)

(377)

**(753)**

(752)

**(1 549)**

Production costs

**(276)**

(327)

(305)

**(601)**

(604)

**(1 148)**

Amortisation and depreciation

**(54)**

(60)

(56)

**(114)**

(114)

**(207)**

Impairment of assets

—

—

—

—

—

**(135)**

Other items

**(24)**

(14)

(16)

**(38)**

(34)

**(59)**

**Gross (loss)/profit**

**(27)**

11

25

**(14)**

53

**(34)**

Corporate, administration and other  
expenditure

**(8)**

(10)

(10)

**(18)**

(21)

**(42)**

Social investment expenditure

**(1)**

(2)

(2)

**(3)**

(6)

**(9)**

Exploration expenditure

**(8)**

(8)

(11)

**(16)**

(25)

**(44)**

Profit on sale of property, plant and equipment

—

—

—

—

—

**3**

Loss on scrapping of property, plant and equipment

**(38)**

—

—

**(38)**

—

—

Other expenses (net)

**(5)**

(18)

(14)

**(23)**

(14)

**(20)**

**Operating loss**

**(87)**

(27)

(12)

**(112)**

(13)

**(146)**

Profit/(loss) from associates

—

—

—

—

1

**(10)**

(Impairment)/profit on disposal of investments

—

—

—

—

(1)

**1**

Net gain on financial instruments

**1**

1

4

**2**

12

**16**

Investment income

**6**

4

5

**10**

10

**21**

Finance cost

**(6)**

(6)

(6)

**(12)**

(12)

**(27)**

**Loss before taxation**

**(86)**

(28)

(9)

**(112)**

(3)

**(145)**

Taxation

**7**

3

(1)

**10**

(5)

**27**

Normal taxation

—

—

—

—

(5)

**(2)**

Deferred taxation

**7**

3

(1)

**10**

—

**29**

**Net loss for the period**

**(79)**

(25)

(10)

**(102)**

(8)

**(118)**

*Attributable to:*

Owners of the parent

**(79)**

(25)

(10)

**(102)**

(8)

**(118)**

**Loss per ordinary share (cents)**

Basic loss

**(18)**

(6)

(2)

**(23)**

(2)

**(27)**

Diluted loss

**(18)**

(6)

(2)

**(23)**

(2)

**(27)**

The currency conversion average rates for the quarter ended: December 2014: US\$1 = R11.22 (September 2014: US\$1 = R10.77,

December 2013: US\$1 = R10.12). For year ended: June 2014: US\$1 = R10.35. Six months ended: December 2014: US\$1 = R10.99

(December 2013: US\$1 = R10.04).

The income statement for the year ended 30 June 2014 has been extracted from the 2014 annual financial statements.



**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

**20**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (US\$)**

(Convenience translation)

**Note on convenience translations**

Except where specific statements have been extracted from 2014 annual financial statements, the requirements of IAS 21,

*The Effects of the Changes in Foreign Exchange Rates*, have not necessarily been applied in the translation of the US Dollar financial

statements presented on page 19 to 23.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (US\$)**

for the six months ended 31 December 2014 (Convenience translation) (unaudited)

**Figures in million**

**Quarter ended**

**Six months ended**

**Year ended**

**30 June**

**2014**

**(Audited)**

**31 Dec**

**2014**

**(Unaudited)**

30 Sep

2014

(Unaudited)

31 Dec

2013

(Unaudited)

**31 Dec**

**2014**

**(Unaudited)**

31 Dec

2013

(Unaudited)

Net loss for the period

**(79)**

(25)

(10)

**(102)**

(8)

**(118)**

Other comprehensive (loss)/income for the period, net of income tax

**(11)**

17

38

**6**

(31)

**(209)**

Items that may be reclassified subsequently to  
profit or loss:

**(11)**

17

38

**6**

(31)

**(206)**

Foreign exchange translation

**(11)**

17

37

**6**

(32)

**(206)**

Movements on investments

—

—

1

—

1

—

Items that will not be reclassified to profit or  
loss:

—

—

—

—

—

**(3)**

Acturial loss recognised during the year

—

—

—

—

—

**(4)**

Deferred taxation thereon

—

—

—

—

—

**1**

**Total comprehensive**

**(loss)/income for the period**

**(90)**

(8)

28

**(96)**

(39)

(327)

*Attributable to:*

Owners of the parent

(90)

(8)

28

(96)

(39)

(327)

The currency conversion average rates for the quarter ended: December 2014: US\$1 = R11.22 (September 2014: US\$1 = R10.77,

December 2013: US\$1 = R10.12). For year ended: June 2014: US\$1 = R10.35. Six months ended: December 2014: US\$1 = R10.99

(December 2013: US\$1 = R10.04).

The statement of comprehensive income for the year ended 30 June 2014 has been extracted from the 2014 annual financial statements.

**Figures in million**

**Share**

**capital**

**Other**

**reserves**

**(Accumulated**

**loss)/**

**retained**

**earnings**

**Total**

Balance – 30 June 2014

**2 448**

**306**

(71)

**2 683**

Share-based payments

–

**11**

–

**11**

Net loss for the period

–

–

(97)

(97)

Other comprehensive income for the period

–

**6**

–

**6**

**Balance – 31 December 2014**

**2 448**

**323**

(168)

**2 603**

Balance – 30 June 2013

2 708

329

43

3 080

Share-based payments

—

14

—

14

Net loss for the period

—

—

(7)

(7)

Other comprehensive loss for the period

—

(30)

—

(30)

**Balance – 31 December 2013**

2 708

313

36

3 057

The currency conversion closing rates for the six months ended 31 December 2014: US\$1 = R11.57 (December 2013: US\$1 = R10.46).

**21**

CONDENSED CONSOLIDATED BALANCE SHEETS (US\$)

(Convenience translation)

**Figures in million**

**At**

**31 Dec**

**2014**

**(Unaudited)**

At

30 Sep

2014

(Unaudited)

At

30 June

2014

(Audited)

**At**

**31 Dec**

**2013**

**(Unaudited)**

ASSETS

**Non-current assets**

Property, plant and equipment

**2 839**

2 937

3 116

**3 123**

Intangible assets

**76**

78

84

**210**

Restricted cash

**4**

3

4

**4**

Restricted investments

**205**

206

217

**209**

Deferred tax assets

**6**

7

8

**9**

Investments in associates

—

—

—

**11**

Loan to associate

**10**

—

—

—

Inventories

**4**

4

5

**6**

**Total non-current assets**

**3 144**

3 235

3 434

**3 572**

**Current assets**

Inventories

**116**

123

145

**136**

Trade and other receivables

**71**

61

90

**110**

Income and mining taxes

**4**

8

10

**10**

Restricted cash

**1**

1

1

**1**

Cash and cash equivalents

**119**

202

172

**222**

**311**

395

418

**479**

Non-current assets and assets of disposal groups classified as held for sale

—

—

—

**4**

**Total current assets**

**311**

395

418

**483**

**Total assets**

**3 455**

3 630

3 852

**4 055**

**EQUITY AND LIABILITIES**

**Share capital and reserves**

Share capital

**2 448**

2 503

4 035

**2 708**

Other reserves

**323**

335

(887)

**313**

(Accumulated loss)/retained earnings

**(168)**

(96)

(223)

**36**

**Total equity**

**2 603**

2 742

2 925

**3 057**

**Non-current liabilities**

Deferred tax liabilities

**221**

233

253

**287**

Provision for environmental rehabilitation

**188**

190

198

**193**

Retirement benefit obligation

**22**

22

23

**19**

Other non-current liabilities

**4**

4

9
<b>7</b>
Borrowings
—
—
270
<b>313</b>
<b>Total non-current liabilities</b>
<b>435</b>
449
753
<b>819</b>
<b>Current liabilities</b>
Borrowings
<b>270</b>
270
—
—
Income and mining taxes
—
1
—
—
Trade and other payables
<b>147</b>
168
174
<b>179</b>
<b>Total current liabilities</b>
<b>417</b>
439
174
<b>179</b>
<b>Total equity and liabilities</b>
<b>3 455</b>
3 630
3 852
<b>4 055</b>

The balance sheet for December 2014 converted at a conversion rate of US\$1 = R11.57 (September 2014 : US\$1 = R11.32, June 2014:

US\$1 = R10.61, December 2013 : US\$1 = R10.46).

The balance sheet at 30 June 2014 has been extracted from the 2014 annual financial statements.



**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

**22**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (US\$)**

(Convenience translation)

**Figures in million**

**Quarter ended**

**Six months ended**

**Year ended**

**30 June**

**2014**

**(Audited)**

**31 Dec**

**2014**

**(Unaudited)**

30 Sep

2014

(Unaudited)

31 Dec

2013

(Unaudited)

Restated\*

**31 Dec**

**2014**

**(Unaudited)**

31 Dec

2013

(Reviewed)

Restated

#

**Cash flow from operating activities**

Cash (utilised)/generated by operations

**(6)**

99

72

**92**

102

**218**

Interest and dividends received

**3**

2

3

**5**

6

**13**

Interest paid

**(2)**

(2)

(2)

**(4)**

(5)

(12)

Income and mining taxes refunded/(paid)

3

2

(3)

6

(3)

—

**Cash (utilised)/generated by operating activities**

(2)

101

70

99

100

219

**Cash flow from investing activities**

Increase in restricted cash

—

—

—

—

—

(1)

Increase in restricted investments

—

—

—

—

—

(2)

Proceeds on disposal of investments

—

—

—

—

—

5

Loan to associate

(11)

—

—

(11)

—

—

Other investing activities

—

—

—

—

(1)

-	
Net additions to property, plant and equipment	
1	
(67)	
(60)	
(65)	
(127)	
(133)	
(257)	
<b>Cash utilised by investing activities</b>	
(78)	
(60)	
(65)	
(138)	
(134)	
(255)	
<b>Cash flow from financing activities</b>	
Borrowings raised	
-	
-	
-	
-	
61	
60	
Borrowings repaid	
-	
-	
-	
-	
(1)	
(44)	
<b>Cash generated by financing activities</b>	
-	
-	
-	
-	
60	
16	
<b>Foreign currency translation adjustments</b>	
(3)	
(11)	
(11)	
(14)	
(13)	
(17)	
Net (decrease)/increase in cash and cash equivalents	
(83)	
30	
(6)	

**(53)**

13

**(37)**

Cash and cash equivalents – beginning of period

**202**

172

228

**172**

209

**209**

**Cash and cash equivalents – end of period**

**119**

202

222

**119**

222

**172**

1

*Includes capital expenditure for Wafi-Golpu and other international projects of US\$nil million in the December 2014 quarter (September 2014 quarter: US\$1 million)*

*(December 2013 quarter: US\$nil) and US\$1 million in the year ended 30 June 2014.*

*\* Cash generated by operating activities and cash utilised by investing activities previously reported as US\$67 million and (US\$62 million) restated to US\$70 million and (US\$65 million) respectively in the December 2013 quarter. This is mainly related to the change in accounting policy for IFRIC 20.*

*# Cash generated by operating activities and cash utilised by investing activities previously reported as US\$91 million and (US\$125 million) restated to US\$100 million and (US\$134 million) respectively in the six months ended 31 December 2013. This is mainly related to the change in accounting policy for IFRIC 20.*

The currency conversion average rates for the quarter ended: December 2014: US\$1 = R11.22 (September 2014: US\$1 = R10.77,

December 2013: US\$1 = R10.12). For year ended: June 2014: US\$1 = R10.35. Six months ended: December 2014: US\$1 = R10.99

(December 2013: US\$1 = R10.04).

Closing balance translated at closing rates of: December 2014: US\$1 = R11.57 (September 2014: US\$1 = R11.32, June 2014: US\$1 =

R10.61, December 2013: US\$1 = R10.46).

The cash flow statement for the year ended 30 June 2014 has been extracted from the 2014 annual financial statements.

**23**

SEGMENT REPORT (US\$/IMPERIAL)

for the six months ended 31 December 2014 (unaudited)

**Revenue**

**31 Dec**

**Production cost**

**31 Dec**

**Production**

**(loss)/profit**

**31 Dec**

**Mining assets**

**31 Dec**

**Capital**

**expenditure**

**#**

**31 Dec**

**Ounces produced**

**31 Dec**

**Tons milled**

**31 Dec**

**2014**

2013

**2014**

2013

**2014**

2013

**2014**

2013

**2014**

2013

**2014**

2013

**2014**

2013

**US\$ million**

**US\$ million**

**US\$ million**

**US\$ million**

**US\$ million**

**oz**

**t'000**

**South Africa**

**Underground**

Kusasaletu

**91**

96

**97**

86

**( 6)**

10

**305**

335  
**21**  
25  
**67 806**  
77 548  
**525**  
696  
Doornkop  
**56**  
70  
**51**  
58  
**5**  
12  
**288**  
323  
**12**  
12  
**43 275**  
52 630  
**329**  
522  
Phakisa  
**66**  
62  
**54**  
54  
**12**  
8  
**400**  
433  
**19**  
19  
**52 341**  
46 972  
**331**  
323  
Tshepong  
**92**  
86  
**73**  
70  
**19**  
16  
**346**  
381  
**15**  
15  
**73 560**  
64 655  
**583**

516  
Masimong  
**56**  
61  
**46**  
51  
**10**  
10  
**76**  
98  
**8**  
8  
**45 107**  
46 361  
**411**  
386  
Target 1  
**83**  
100  
**54**  
52  
**29**  
48  
**242**  
257  
**13**  
13  
**65 973**  
74 654  
**426**  
424  
Bambanani  
(a)  
**56**  
69  
**32**  
35  
**24**  
34  
**73**  
84  
**6**  
6  
**44 722**  
51 859  
**127**  
142  
Joel  
**51**  
58  
**38**

35

**13**

23

**44**

34

**8**

8

**37 359**

44 079

**314**

339

Unisel

**38**

42

**31**

31

**7**

11

**54**

33

**6**

4

**30 479**

31 765

**248**

237

Target 3

**20**

31

**16**

29

**4**

2

**47**

49

**2**

7

**15 529**

23 856

**99**

173

**Surface**

All other surface operations

**64**

65

**53**

50

**11**

15

**41**

45



**2**  
 2  
**50 316**  
 51 570  
**5 761**  
 5 935  
**Total South Africa**  
**673**  
 740  
**545**  
 551  
**128**  
 189  
**1 916**  
 2 072  
**112**  
 119      **526 467**      565 949  
**9 154**  
 9 693  
**International**  
 Hidden Valley  
**66**  
 65  
**56**  
 53  
**10**  
 12  
**301**  
 341  
**3**  
 7  
**48 837**  
 49 737  
**998**  
 1 113  
**Total international**  
**66**  
 65  
**56**  
 53  
**10**  
 12  
**301**  
 341  
**3**  
 7  
**48 837**  
 49 737  
**998**  
 1 113  
**Total operations**

**739**

805

**601**

604

**138**

201

**2 217**

2 413

**115**

126      **575 304**      615 686

**10 152**

10 806

#

*Capital expenditure for international operations excludes expenditure spend on Wafi-Golpu of US\$1 million (2013: US\$nil).*

*(a)*

*Includes Steyn 2 for the December 2013 amounts.*

**Harmony Gold Mining Company Limited**

Results for the second quarter FY15 and six months ended 31 December 2014

**24**

DEVELOPMENT RESULTS (METRIC)

Quarter ending December 2014

DEVELOPMENT RESULTS (IMPERIAL)

Quarter ending December 2014

**Channel**

**Reef**

**Meters**

**Sampled**

**Meters**

**Width**

**(Cm's)**

**Value**

**(g/t)**

**Gold**

**(Cmg/t)**

Tshepong

Basal

221

212

7,17

131,56

943

B Reef

114

98

160,20

3,56

570

**All Reefs**

**335**

**310**

**55,55**

**14,85**

**825**

Phakisa

Basal

334

348

55,26

19,16

1 059

**All Reefs**

**334**

**348**

**55,26**

**19,16**

**1 059**

Doornkop

South Reef

344

384

56,69

16,00

907

**All Reefs**

**344**

**384**

**56,69**

**16,00**

**907**

Kusasaletu

Vcr Reef

596

348

99,00

10,09

999

**All Reefs**

**596**

**348**

**99,00**

**10,09**

**999**

Total Target

(incl. Target 1 & Target 3)

Elsburg

77

96

266,00

2,46

654

**All Reefs**

**77**

**96**

**266,00**

**2,46**

**654**

Masimong 5

Basal

591

552

46,56

18,50

861

B Reef

202

198

59,36

21,81

1 295

**All Reefs**

**792**

**750**

**49,94**

**19,54**

**976**

Unisel

Basal

273

216

170,15

3,31

563

Leader

498

402

231,82

6,31

1 463

**All Reefs**

**771**

**618**

**210,27**

**5,46**

**1 149**

Joel

Beatrix

222

291

93,00

11,61

1 080

**All Reefs**

**222**

**291**

**93,00**

**11,61**

**1 080**

Total Harmony

Basal

1419

1328

62,65

14,01

878

Beatrix

222

291

93,00

11,61

1 080  
 Leader  
 498  
 402  
 231,82  
 6,31  
 1 463  
 B Reef  
 316  
 296  
 92,75  
 11,37  
 1 055  
 Elsburg  
 77  
 96  
 266,00  
 2,46  
 654  
 South Reef  
 344  
 384  
 56,69  
 16,00  
 907  
 Vcr  
 596  
 348  
 99,00  
 10,09  
 999  
**All Reefs**  
**3472**  
**3145**  
**99,42**  
**10,04**  
**998**  
**Channel**  
**Reef**  
**Feet**  
**Sampled**  
**Feet**  
**Width**  
**(Inch)**  
**Value**  
**(oz/t)**  
**Gold**  
**(In.oz/t)**  
 Tshepong  
 Basal  
 723

696  
 3,00  
 3,61  
 11  
 B Reef  
 374  
 322  
 63,00  
 0,10  
 7  
**All Reefs**  
**1097**  
**1017**  
**22,00**  
**0,43**  
**9**  
 Phakisa  
 Basal  
 1097  
 1142  
 22,00  
 0,55  
 12  
**All Reefs**  
**1097**  
**1142**  
**22,00**  
**0,55**  
**12**  
 Doornkop  
 South Reef  
 1129  
 1260  
 22,00  
 0,47  
 10  
**All Reefs**  
**1129**  
**1260**  
**22,00**  
**0,47**  
**10**  
 Kusasalethu  
 Vcr Reef  
 1955  
 1142  
 39,00  
 0,29  
 11  
**All Reefs**  
**1955**

**1142**

**39,00**

**0,29**

**11**

Total Target

(incl. Target 1 & Target 3)

Elsburg

253

315

105,00

0,07

8

**All Reefs**

**253**

**315**

**105,00**

**0,07**

**8**

Masimong 5

Basal

1938

1811

18,00

0,55

10

B Reef

662

650

23,00

0,65

15

**All Reefs**

**2599**

**2461**

**20,00**

**0,56**

**11**

Unisel

Basal

896

709

67,00

0,10

6

Leader

1634

1319

91,00

0,18

17

**All Reefs**



**2529**

**2028**

**83,00**

**0,16**

**13**

Joel

Beatrix

730

955

37,00

0,34

12

**All Reefs**

**730**

**955**

**37,00**

**0,34**

**12**

Total Harmony

Basal

4654

4357

25,00

0,40

10

Beatrix

730

955

37,00

0,34

12

Leader

1634

1319

91,00

0,18

17

B Reef

1036

971

37,00

0,33

12

Elsburg

253

315

105,00

0,07

8

South Reef

1129

1260

22,00

0,47

10

Vcr

1955

1142

39,00

0,29

11

**All Reefs**

**11390**

**10318**

**39,00**

**0,29**

**11**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 9, 2015

Harmony Gold Mining Company Limited

By:

/s/ Frank Abbott

Name: Frank Abbott

Title: Financial Director